
**Montana Historical
Society**

This report documents the results of our financial-compliance audit of the Montana Historical Society (Society) for the two fiscal years ended June 30, 2006. The previous audit report contained four recommendations. Of these, two were implemented and two were not implemented.

This report contains eight recommendations. The recommendations address areas where the Society can improve compliance with federal regulations, state laws and regulations, and Society policies. The report also contains a disclosure issue regarding severance pay to Society employees.

We issued an unqualified opinion on the financial schedules contained in this report. This means the reader can rely on the presented financial information and the supporting data on the state's accounting records.

The listing below serves as a means of summarizing the recommendations contained in the report, the Society's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the Society:

- A. Recover indirect costs to the fullest extent possible in accordance with state law.
- B. Notify and receive approval from the Office of Budget and Program Planning prior to accepting grants that limit the Society's ability to recover indirect costs as required by state law. 6

Society Response: Concur. See page B-3.

Recommendation #2

We recommend the Society minimize the time between the draw of federal funds and their disbursement for federal program purposes as required by federal regulations..... 7

Society Response: Concur. See page B-3.

Report Summary

<u>Recommendation #3</u>	We recommend the Society analyze its federal special revenue fund accounts as required by state accounting policy and correct identified errors.	7
	<u>Society Response:</u> Concur. See page B-4.	
<u>Recommendation #4</u>	We recommend the Commission distribute Lewis & Clark license plate revenue proceeds to entities and organizations that meet the criteria established by the Commission in accordance with state law.....	8
	<u>Society Response:</u> Partially concur. See page B-4.	
<u>Recommendation #5</u>	We recommend the Society record the inter-entity loan to finance the bronze relief for the Montana State Senate chambers on the accounting records in accordance with state law.....	10
	<u>Society Response:</u> Concur. See page B-4.	
<u>Recommendation #6</u>	We recommend the Society comply with its policies governing the management and control of its collections and follow its monitoring procedures to ensure all artifacts are properly controlled.	12
	<u>Society Response:</u> Partially concur. See page B-5.	
<u>Recommendation #7</u>	We recommend the Society: A. Record activity on the accounting records in the proper fund in accordance with state law, and <u>Society Response:</u> Partially concur. See page B-5. B. Maintain support for the administrative fees charged to programs within the Society.	12
	<u>Society Response:</u> Concur. See page B-6.	

Recommendation #8

We recommend the Society

- A. Record revenue and expenditure activity within the proper revenue and expenditure classifications on the accounting records;

Society Response: Partially concur. See page B-6.

- B. Recognize federal grant revenue when it is earned; and

Society Response: Concur: See page B-6.

- C. Enter all activity related to credit card transactions at the Society on the accounting records in accordance with state accounting policies and procedures..... 14

Society Response: Concur. See page B-6.